MEDIOBANCA

REPORT ON REMUNERATION SUBMITTED TO APPROVAL OF SHAREHOLDERS IN ANNUAL GENERAL MEETING ON 28 OCTOBER 2018

Dear Shareholders,

We have called you together in general meeting to:

A) Report on the remuneration policies adopted for the twelve months ended 30 June 2018 and;

B) Submit the Mediobanca Group's new remuneration and incentivization policies, approved by the Board of Directors on 20 September 2018, to your approval.

This report incorporates the disclosure requirements established by both the Bank of Italy and Consob.

MEDIOBANCA

Section 1

Staff remuneration and incentivization policies for FY 2017-18

Introduction

The Mediobanca Group delivered record results in the twelve months ended 30 June 2018, measured by revenues, GOP and profit. The main highlights were as follows:

- Total revenues up 10%, to €2.4bn, with net interest income up 6% and fee income up 19%
- Net profit up 15%, to €864m
- ROTE 10%
- GOP up 24%, to €1,057m (meaning the 2019 strategic plan target has already been reached)
- CET1 ratio 14.2%, total capital ratio 18.1%
- Dividend per share: up 27%, to €0.47 (payout ratio 48%).

The results reflect a healthy performance by all business divisions:

- Wealth management, with AUM/AUA rising to €37.3bn and revenues up 14.5% to reach €526m, driven by fee income (up 27.4%) which at end-June accounted for over 40% of the Group total; ROAC 13%;
- Consumer Banking delivered record results: revenues up 6% to €996.2m, net profit up 22% to €315m, ROAC 30%;
- Corporate & Investment Banking enhanced its positioning and diversified its revenues, with lower capital absorption and ROAC at 14%.

The decisions regarding staff remuneration have been taken in view of a business scenario which increasingly requires the contribution of high-quality professional skills.

Governance

The governing bodies and company units have governed the entire process of applying the remunerations policies.

In particular, as described *inter alia* in the Annual statement on corporate governance and ownership structure, the Remunerations committee has met on eight occasions, and the meetings on average lasted around 1 hour and 45 minutes. The Committee is made up of five non-executive members, a majority of whom qualify as independent under Article 19 of the Bank's Articles of Association. The Statutory Audit Committee also participated in the Committee meetings, as did (apart from in the case of two meetings) the Chief Executive Officer and the General Manager as guests. The Chief Risk Officer and the head of Human Resources also took part as guests, along with other members of the Group's staff.

The main items discussed in Committee meetings, in addition to this report, are as follows: formulation of proposals to the Board of Directors regarding the variable remuneration of the Chief Executive Officer and General Manager (defining and marking their scorecards); decisions made by the Chief Executive Officer regarding the variable remuneration of the other staff; review of the internal processes and procedures adopted in connection with the remuneration system; review of developments in the regulatory framework, with a particular focus on the remuneration of financial advisors and of staff working in the Asset Management area; analysis of the Bank of Italy consultation document on changes to the supervisory instructions regarding remuneration and incentivization policies and practices, in view of the Italian regulations' imminent alignment with the EBA Guidance issued in December 2015 and in force since January 2017; and analysis of market benchmark compensation and guidance from institutional investors and proxy advisors; application of the severance policy. Specific training and induction sessions were also held on these issues.

Group HR has provided full support for all activities, co-ordinating the process of formulating the proposals and resolutions, and executing them. The services of leading external consultants have also been used in the course of various activities, in particular market benchmark analysis and finalizing the remunerations new policies.

The Compliance unit has issued the report stating that the remunerations policies conform to the Bank of Italy and internal regulations, and the Group Audit Unit checked that they were implemented correctly. The Risk Management unit, too, has been involved in the activity of ascertaining that the gateways have been met. The Planning, Accounting and Financial Reporting areas also provided the data for determining the business areas' performances and gateways.

MEDIOBANCA

Incentivization system: determination of variable remuneration and allocation using risk-adjusted metrics based on sustainable results over time

Variable remuneration is paid to "identified staff" at each of the Group's organizational divisions only if the following conditions, by shareholders at the last general meeting are met:

a) Capital adequacy and liquidity requirements[1] adopted in the Risk Appetite Framework[2] approved by the Board of Directors;

b) Positive operating profit delivered at Group level.[3]

For the Wholesale Banking division[4] (the area in which the highest number staff with the potential to impact on Mediobanca's risk profile are employed), the Mediobanca S.p.A. Chief Executive Officer identifies the share of the Economic Profit earned by the division to be earmarked for variable remuneration. For the individual business areas, it is calculated on the basis of scorecards which generally use Economic Profit as their primary metric as well as other secondary quantitative and qualitative metrics, whereas individual awards are made on the basis of overall assessment of personal performance, with particular attention being paid to reputational and compliance issues as well. For the new Mediobanca Private Banking division, following the merger of Banca Esperia into Mediobanca S.p.A., the variable remuneration is determined on the basis of gross profit. The variable component for staff employed by the control units and staff and support areas is established based on qualitative criteria, to limit the correlation with the Bank's results and so guarantee the role's independence. The Chief Executive Officer's decisions are illustrated to the Remunerations Committee and the Board of Directors. The remuneration paid to the head of company financial reporting and the heads of the control units is approved by the Board. For the other divisions and/or business lines (Consumer, and Wealth Management Affluent/Premier, CMB and the other entities which perform asset management activities, and Specialty Finance), the amounts are decided by the CEOs of the relevant legal entities, after consulting with the General Manager and Group HR of Mediobanca S.p.A.

The Group's results for the year ended 30 June 2018 were as follows:

- Stronger capital solidity indicators (CET1 >14%) despite the RAM acquisition;
- Growth in gross operating profit to €1.6bn, up 247% on last year and 17% over budget. Revenues were up 10% to €2.4bn, with net interest income rising despite the market interest rates continuing to be negative. Fee income also performed well, up 19%, as did trading (up 30% year-on-year), with the cost of risk declining (from €317m to €247m) for the fourth year running;
- Profit before tax up 20%.

1) CET 1 ratio > 8,75% (SREP), Leverage ratio, AFR/ECAP, Liquidity Coverage Ratio ≥ 100%, Net Stable Funding Ratio ≥ 100%, Retail funding ratio.
2) The Risk Appetite Framework identifies the risks which the Bank is willing to take, and for each risk defines the objectives and limits in normal and stressed conditions, identifying the management actions necessary to bring the risk back within the set limit. It is based on assessment of the principal risk drivers to which the Bank is exposed, both macroeconomic and specific. The RAF is subject to ongoing fine-tuning and update, in line with the continual changes in the risk metrics and analysis methodologies adopted, not to mention to the regulatory framework and the corporate processes with which it is integrated.
3) Operating profit is defined as total income less operating costs and loan loss provisions, as shown in the restated financial statements.
4) Economic Profit (EP) is defined as the pre-tax profit earned by the Wholesale Banking division, net of variable labour costs and the cost of regulatory capital (not represented in the accounts) required to perform such activities. It therefore measures the additional profit generated after the return on capital, the cost of which is calculated based on a risk-free rate in the medium/long term, the risk premium and taking into account the Division's cost of funding. As required by the supervisory authorities, the EP metric reflects both present and future risks and the sustainability of results over time.

The Wholesale Banking division's results in the twelve months ended 30 June 2018 reflect a gross operating profit of €347m, substantially unchanged and confirming its position of market leadership. CIB Client in particular delivered the following results:

- Economic Profit up 7%, from €233m to €253m;
- Investment banking revenues showed strong growth in Corporate Finance and Debt Capital Markets (the former up 37%, the latter up 47%), low capital-absorption products with higher pay-outs consistent with market practice, and growth in Capital Market Solutions business. The overall figure was penalized by the downturn in lending activity, where revenues were down 13% in a difficult market scenario, driving a 6% reduction in total revenues overall;
- Administrative expenses and fixed labour costs were down slightly, due to improvements in efficiency made in certain teams and the favourable GBP/EUR exchange rate;
- Loan loss provision figures positive following writebacks credited to profit and loss account.

For Mediobanca Private Banking, the results were as follows:

- GOP of €14.1m, up 19%;
- Significant improvement in the quality of revenues, with recurrent fees (management and banking) up from 81% to 85%. AUM/AUA stood at €14.9bn, versus €13.7bn last year, on net new money of approx. €1.3bn.

For the Consumer Banking division (Compass and Futuro):

- Revenues up 6%, and above budget, on resilient returns and volumes, with the cost/income ratio stable;
- Further improvement in asset quality drove a reduction in loan loss provisions, from €276m to €242m, on the back of effective risk-taking policies and recovery action;
- Non-recurring items include the €6.7m contribution to a solidarity fund.

With regard to the Wealth Management – Affluent / Premier division (CheBanca!):

- Growth of 22% in gross profit (from €33m to €41m), which soars to 223% net of the PPA process release;
- Positive, 1% growth in revenues, translating to 96% of the budget due primarily to a delay in asset management fees; AUM rose from €20.4bn to €22.6bn, on indirect funding up from €7bn to €8.4bn.

Principal Investing delivered a high net profit of €374m with a ROAC at 15%.

All the Group's gateways for the year ended 30 June 2018 were thus met: consolidated gross operating profit €1,057m; CET 1 ratio 14.2%; leverage ratio 8.8%; AFR/ECAP 181.37%; liquidity coverage ratio 186%; retail funding ratio 62.9%; net stable funding ratio 108%. For the individual Group companies which adopt their own RAF on an individual basis (Compass, CB! and Mediobanca International), in the course of the twelve months their risk profile remained consistent with the objectives and limits set, with no breaches of the thresholds recorded.

The Economic Profit earned by the Wholesale Banking division as stated in the accounts, which is not one of the gateways but is used as a risk-adjusted indicator in assessing the variable WB component, totalled €261m, some 7% higher than in 2017 due to the positive trend in investment banking fees, the cost of risk and to lower capital absorption attributable to use of the AIRB models. From a qualitative standpoint, Mediobanca confirmed its position of leadership in M&A and ECM, with a growing role in DCM as well. Economic Profit on the proprietary trading portfolio was also positive.

The other quantitative and qualitative metrics were also met, in the sense that the Group's results reflected the required risk/return balance, in compliance with all the objectives set in the Risk Appetite Framework. From a qualitative perspective, Mediobanca confirmed its positioning and market share in a difficult market scenario.

Having therefore ascertained that all the conditions precedent to the distribution of the variable component had been met, and in application of the criteria provided for in the remuneration policies, the Chief Executive Officer, after consulting with the General Manager, Group HR and the control units, thus established the overall amount for distribution to the Mediobanca S.p.A. divisions at €74.4m (30/6/17: €67.3m). The increase is chiefly due to the addition of the former Banca Esperia employees plus the centralization of certain staffing functions. Variable remuneration for the WB division was set at €47.7m (€48.8m), of which €7.2m (€46m) for CIB Client, corresponding to a payout ratio of 19% (21%) and 18% (21%) of the Economic Profit respectively. The variable remuneration for Private Banking totalled €6.6m, for a payout ratio of 30%.

These amounts include the variable remuneration reserved to the Chief Executive Officer and the General Manager. The variable/fixed remuneration ratio for WB division staff was 101%, compared with 99% in 2017, and 44% in Private Banking. The ratio rises to 135% (compared 124% for WB and 174% for PB in 2017), if only identified staff members are considered. Considering the headcount as a whole for Mediobanca, the ratio is 67%, compared to 75% in 2017.

One of the main objectives in making the award of the variable remuneration was to maintain a competitive compensation package for younger and business staff from a talent retention perspective. Group HR and the Compliance unit reviewed potentially relevant instances in connection with application of the compliance breach mechanism.

The amount of the variable remuneration for the Consumer division and CheBanca! reflect excellent earnings results, including on a risk-adjusted basis. The total variable remuneration awarded to the Consumer division was approx. €7.5m, compared with €6.8m in 2017, with Compass's commercial network, like in the previous two years, reaching the cap instituted as part of the incentivization system. For CheBanca! the increase from €10.2m to €11.5m reflects the new business and organizational structure, featuring attractive incentivization forms for specialist figures in the Wealth Management segment. The cost/income and compensation/income ratios were stable for Compass and improved for CheBanca!

The variable/fixed ratio for identified staff in the Consumer division was around 54% of the fixed remuneration, compared with 57% in 2017, and around 51% (53%) for CheBanca! identified staff. Considering for the headcount as a whole for the Consumer division, the ratio was stable at 10%, as in 2017, and 15% for CheBanca! (19%).

As at 30 June 2018 management with strategic responsibilities other than the executive directors and referred to in the Consob resolution issued in 2011, consisted of eight persons: the three heads of the control units, the head of company financial reporting, the head of Group HR & Organization, the head of the Consumer Banking division and the Wealth Management/Affluent-Premier business line, plus the two co-heads of the Corporate and

Investment Banking division. Their remuneration package reflects the provisions of the Remuneration policies, based on the individual category of identified staff to which they belong.

Variable remuneration of the Chief Executive Officer and General Manager of Mediobanca S.p.A.

This reflects the achievement of the quantitative and qualitative targets assigned in the individual scorecards approved by the Board of Directors. In general terms, if the quantitative objectives are met, the amount of the variable remuneration payable to the CEO and the General Manager may be between 50% and 180% of their gross annual salary. This amount may be adjusted by the BoD according to whether or not qualitative objectives have also been met (without prejudice to the 2:1 cap).

The quantitative performance indicators assigned for the financial year ended 30 June 2018 were for the CEO as follows:

Objective	Weighting	Reached
i) Profit Before Taxes (PBT) Group banking activities/capital absorbed (to optimize return on and capital absorbed by "core" businesses)	30%	Comfortably exceeded
ii) Revenues posted by Wealth Management division (with focus on growing the division)	30%	Partially achieved
iii) Group Return on Assets (ROA) (to maximize asset profitability)	25%	Comfortably exceeded
iv) CET 1 Ratio (to preserve capital adequacy)	15%	Comfortably exceeded

For the General Manager, the following objectives were assigned:

Objective	Weighting	Reached
i) Profit Before Taxes (PBT) Group banking activities/capital absorbed (to optimize return on and capital absorbed by "core" businesses)	30%	Comfortably exceeded
ii) Revenues posted by the Private Banking business line (with focus on growing Private Banking)	30%	Partially achieved
iii) Result before tax posted by Holding Functions (to optimize management of holding functions)	20%	Comfortably exceeded
iv) Group cost/income ratio (to ensure that growth in costs is proportionate to trend in revenues)	20%	Comfortably exceeded

For the CEO the qualitative objectives involved management of initiatives related to organizational climate analysis in progress at the Group and those in the area of Corporate Social Responsibility; and for the General Manager, reorganization of the former Banca Esperia scope of operations, and implementation of organizational projects to improve the Group's efficiency, with particular attention to the Operations & IT area. In both cases the objectives were held to have been achieved.

Based on the results of the scorecards, the Board of Directors, at the Remunerations Committee's proposal, resolved to award variable remuneration of €2,484,000 to the CEO (€2,700,000 in 2017) and of €2,070,000 to the General Manager (the same as last year), equal in both cases to 138% of their fixed salaries, compared with 150% and 1380% awarded last year. Contributions to the complementary pension scheme are also paid on the upfront cash component only. Of the variable remuneration awarded, half in cash and half shares, 60% will be deferred over a five-year time horizon and is subject to performance conditions being met. The upfront equity component is subject to a two-year holding period.

Means of distributing the variable component

The means of distribution are as provided in the remuneration policies.

The equity component ("performance shares") to be paid to identified staff are equal to approx. €15m which in part will be booked to the accounts over the next five financial years under the accounting standards currently in force. Accordingly, the Board of Directors adopted a resolution to award Group staff a total of 1,871,084 performance shares[5] (at the average stock market value of Mediobanca shares in the month prior to the award, i.e. €8.22 per share) including those awarded to identified staff employed at Group companies. For identified staff employed in the asset management area (Mediobanca SGR), the financial instruments component was awarded in cash linked to an index representative of the SGR funds' stock units, as permitted by the sector regulations in force.

5) Of these, 150,981 were awarded to the CEO and 125,818 to the General Manager. The total also includes 126,415 performance shares already awarded to the Group's identified staff under recruitment/severance agreements in the period from October 2017 – April 2018 and CMB for the year ended 31 December 2017.

Section 2

◆ New staff remuneration and incentivization policies

Introduction

As in the past, the new policies:

- Comply with all the applicable regulations;
- Allow areas of the Bank which create value to be incentivized, using objective measurement criteria;
- Enable the Group to attract and retain staff with the professional skills and capabilities required to meet its needs;
- Are in line with the policies adopted by leading national and international operators.

The cap of 200% of fixed remuneration has been adopted on the variable component continues to be adopted.

Governance

The governance process for the Group remuneration and incentivization policy is structured across two levels: corporate and organizational.

a) Corporate governance

Under the current Articles of Association:

- Shareholders in general meeting establish the annual fixed fee payable to members of the Board of Directors when they are appointed, and for the entire duration of their term of office, to be allocated among the individual members based on the Board's own decision. Directors who are not members of the Group's senior management are entitled to refunds on expenses incurred by them in the performance of their duties.
- Shareholders in general meeting, within the terms set by the regulations in force at the time, approve the remuneration and incentivization policies and compensation schemes based on financial instruments for Group directors, staff and collaborators, and set the criteria for establishing compensation to be agreed in the event of a beneficiary leaving the company or office.
- At the Board of Directors' proposal, shareholders in general meeting may, with the requisite majorities, establish the variable remuneration of Group staff and collaborators up to the limit of 200% of their fixed salaries or any other limit set by the regulations in force at the time.
- The Board of Directors institutes the committees envisaged by the regulations in force from among its own number, including the Remunerations Committee, establishing their composition and powers.

MEDIOBANCA

Under the regulations in force:

- The Remunerations Committee consists of between three and five members, all non-executive directors, the majority of whom qualify as independent and from among whose number a chairman is appointed. The Committee's duties include proposing compensation for staff whose remuneration and incentivization systems are decided by the Board of Directors; it serves in an advisory capacity for decisions regarding the criteria to be used for compensation payable to all identified staff; it monitors application of the rules governing the remuneration of the heads of the company's control units, working closely with the Statutory Audit Committee in this area. It also prepares the documentation to be submitted to the Board of Directors for the relevant decisions; works together with the other internal committees, in particular the Risks Committee; and ensures the involvement of all relevant company units in compiling and checking the remuneration and incentivization policies and practices. It also gives its opinion, based *inter alia* on the information received from the relevant company units, on whether the performance objectives to which the incentivization schemes are linked have been reached and ascertains whether or not the other conditions precedent to payment of compensation have been met; it provides feedback on the activities performed to the governing bodies. To be able to perform its activities effectively and responsibly, the Remunerations Committee has access to company information relevant to such ends, is endowed with sufficient funds to guarantee it is independent in operational terms, and may call on the services of experts, including from outside the company, on matters for which it is responsible. The Committee is regularly constituted at meetings where a majority of the directors in office are in attendance, and adopts resolutions on the basis of the majority of those present voting in favour. Minutes of Committee meetings are taken and kept in separate registers.

- The Risks Committee ascertains whether the incentives provided by the remuneration system take adequate account of the Group's risks and comply with the minimum capital and liquidity requisites at consolidated level, liaising with the Remunerations Committee.

- The Chief Executive Officer presents the proposed Group staff remuneration and incentivization policies to the governing bodies, is responsible for staff management, and after consulting with the General Manager, determines the variable remuneration based on the criteria established by the Board of Directors and then distributes it.

b) Organizational governance

- Group HR directs and governs the entire remuneration and incentivization process, involving the governing bodies, control units and other teams responsible for verifying the Group's earnings and financial data.

- The Planning, Accounting and Financial Reporting area provides the data for ascertaining that the gateways have been met and for determining the business areas' and divisions' performances based on the results achieved.

- The Group Risk Management unit helps in defining the metrics to be used to calculate the risk-adjusted company performance, in validating the results and the gateways, and in checking that these are consistent with the provisions of the Risk Appetite Framework.

- The Compliance unit carries out an annual assessment of the remuneration policies' compliance with the sector regulatory framework. It is also responsible, after consulting with the other control units, for checking whether or not any compliance breaches have been committed with relevance for purposes of assessing the performance and award of the variable remuneration component. The Compliance unit is involved in the processes of revising, adapting and managing the remuneration systems to ensure these are in line with the regulations in force at the time, including in terms of establishing the identified staff, analysing the metrics adopted, and the practice in cases where the beneficiary has left the company.

- The Group Audit unit makes a statement declaring that the staff remuneration and incentivization policy adopted by the Bank complies with the Instructions. It also carries out annual controls on the data and process, and brings any irregularities to the attention of the relevant bodies for the appropriate corrective action to be taken.

All activities are documented appropriately to ensure that they may be fully tracked over time.

Definition of "identified staff"

The criteria adopted to identify relevant staff with a substantial impact on the Mediobanca Group's risk profile and the processes adopted in order to assess them are as provided under the regulations in force. The assessments are:

- Qualitative, linked to the role covered within the company organization (including non-executive directors), relevant business units, control and staff units;
- Quantitative, based on total overall remuneration received in the previous financial year.[6]

Mediobanca regularly carries out analysis of the Group's organizational structure via a documented process. At 30 June 2018 the Group's "identified staff" (including non-executive directors) broke down as follows:

Cluster	Definition	EBA regulations	PPR # 2017
1) **Non-executive directors**	Non-executive members of BoD, including Chairman	Article 3.2	**1 (+11)**
2) **Directors with executive duties**	Management who are members of Executive Committee	Article 3.1	**2**
3) **Senior management and heads of relevant BUs** (principal business lines, geographical areas and other senior business figures)	• Co-Head CIB Client /Head Madrid • Co-Head CIB/Head Corporate Finance AD Compass/CB • Head Principal Investing • Head MB Private Banking • Head Governance & Treasury • Head Equity Capital Markets • Head Debt Capital Markets • Head Lending and Structured Finance • Head Capital Markets Solutions • Head Equity Markets • Head Global Coverage • Head Frankfurt • Head MB Turkey • CEO CMB	Article 3.3 Article 3.5 Article 3.6	**15**
4) **Heads and senior staff of internal control units**	• Compliance and Group AML • Group Risk Management • Group Audit	Article 3.4 Article 3.7 Article 3.15	**16**
5) **Staff with managerial responsibilities in relevant business units**	• Heads of trading desks, liquidity and trading origination • Staff with significant responsibility in the business areas and other heads of product areas (Equity Research) • General and Commercial Managers, Compass and CB! • CEOs of SelmaBPM, Spafid, MB SGR and MBFacta	Article 3.8 Article 3.15	**23**
6) **Heads and senior staff in Staff and support units**	• Group HR • Head of company financial reporting • Planning and control • Legal counsel • Macroeconomic strategist • COO • CIO	Article 3.9 Article 3.15	**8**
7) **Quantitative criteria**	Roles with total compensation ≥ €500,000 or same remuneration bracket in previous financial year not included in categories listed above	Article 4	**23**
	TOTAL as at 30/6/18[7] % of total Mediobanca S.p.A. staff % of total Mediobanca Group staff		**88 (99)** 9% 1.86%

6) Mediobanca may also decide that individual staff members do not impact on the Group's risk profile despite receiving total remuneration ≥ €500,000, as permitted by the regulations in force. For the twelve months ended 30 June 2018, a total of four such staff members were identified, employed in asset management in the United Kingdom, with overall remuneration in the previous year in excess of €500,000, for who the notification process for exclusion from the definition of identified staff has been launched.

7) As at 30 June 2017 the Mediobanca Group had a total of 79 (92) identified staff, representing 1.65% of the total Group headcount and 10.4% of that of Mediobanca S.p.A.

Management with strategic responsibilities as defined in the Consob resolution issued in 2011 other than directors (i.e. the three heads of the control units, the head of company financial reporting, the head of Group HR & Organization, the head of the Consumer Banking division and Wealth Management/Affluent-Premier business line, and the two co-heads of the Corporate and Investment Banking division) are all included in the definition of identified staff.

Pay mix

The Mediobanca Group Remuneration and incentivization policy is intended to attract and retain highly qualified professional and ethical staff members, who are suited to the complexity, increasing internationalization and specialization of its businesses, based on a rationale of prudent management and sustainability of costs and results over time. The structure of the Group's staff remuneration is based on various components, with the objective of: balancing the fixed and variable parts over time (pay mix), implementing a flexible approach to remuneration, and helping to gear compensation towards performance in view of the significance of role within the company without encouraging risky and/or short-term behaviour. Each year the staff compensation package's positioning is assessed relative to its reference market, including with the assistance of outside advisors.

a) Remuneration structure for non-executive directors

The non-executive directors' emolument is fixed by the shareholders in general meeting, and no provision is made for incentives linked to the Bank's performance.

The directors are covered by a D&O insurance policy which has also been extended to cover the directors of all Group companies.

b) Remuneration structure for the CEO and General Manager

The remuneration of the CEO and the General Manager is regulated by individual agreements approved by the Board of Directors. Their remuneration structure comprises:

1) A fixed salary;

2) A variable annual component (or short-term incentive) which only accrues if the gateways stipulated in these policies are met (see below the section entitled "Determination of variable remuneration and correlation between risks and performance"), commensurate with the quantitative/financial and qualitative/non-financial performance indicators contained in an individual scorecard approved annually by the Board of Directors at the Remunerations Committee's proposal being reached.

   The scorecards provide for performance objectives for each individual manager's sphere of responsibility. For example, these may regard: risk-adjusted profitability; revenues, Group-wide or for particular divisions; profitability, or Economic Profit of individual areas for which they are responsible; and/or other objectives consistent with the guidelines of the strategic plan with respect to capitalization, liquidity or new business initiatives. Each objective is weighted according to the relevance assigned to them by the Board of Directors and the actual margin of autonomy in terms of decision-making. If the quantitative/financial objectives are met, this triggers the payment of a variable bonus ranging from 50% (or 40% if the minimum target is only partially met, i.e. at least 85%) of the gross annual salary on certain minimum objectives being reached (usually related to the budget objectives) to a maximum of 180% in the event of particularly positive performances. Regarding the qualitative objectives, the variable component deriving from the quantitative objectives may be adjusted by the Board of Directors based on the degree to which the non-financial objectives have been reached, in a range from -10% to +15%. The qualitative objectives are considered as having equal weighting, and are to be assessed individually. The 200% cap applies in all cases.

Of the variable component, 50% is paid in cash and 50% in equity, and 60% is deferred over a five-year time horizon. All the deferred items are subject to the performance and malus conditions stipulated in these Policies (see below the section entitled "Performance conditions, malus condition and clawback").

For the financial year ending 30 June 2019, the Chief Executive Officer has been assigned the following quantitative objectives:

Objective	Weighting
i) RWA density: RWA/total assets (to focus on asset quality)	25%
ii)Profit Before Taxes (PBT) Group banking activities (to grow banking activities)	25%
iii) Group ROTE (to ensure optimal use of overall capital)	25%
iv) Growth in Total Financial Assets - AUM/AUA/direct funding (with focus in growth in assets in WM division)	25%

The General Manager has been assigned the following objectives:

Objective	Weighting
i) Loans/funding ratio (to ensure effective balance between deposits and applications of funds)	20%
ii) Profit Before Taxes (PBT) Group banking activities (to grow banking activities)	30%
iii) Banking activities cost/income ratio (to ensure that growth in costs is proportionate to trend in revenues)	20%
iv) Net New Money in Private Banking business line (focus on growth in Private Banking)	30%

With reference to the non-financial objectives for the financial year ending on 30 June 2019, the following have been assigned: for the CEO, management of Corporate Social Responsibility initiatives, and activities geared towards growing the Group's management, in relation to the succession planning; and for the General Manager, the Data Quality project and implementation of the new governance/organizational structure for the Wealth Management division.

3) Upon the approval of a long-term Group strategic plan, the Board of Directors may choose to adopt a long-term incentivization scheme conditional upon the objectives set out in the plan itself being reached (long-term incentives). In such cases, the short-term scheme described under the previous point will be linked to the provisions of the long-term scheme, without prejudice to the 200% cap on variable remuneration, which must be complied with in each financial year. Like the short-term incentive scheme, the long-term incentive scheme will have specific quantitative/financial and qualitative/non-

financial objectives linked to the scheme's time horizon, and will be subject to gateways. Payment will be made in accordance with the terms, conditions and methods provided for the variable remuneration component referred to above, unless provided otherwise by the Board of Directors, having consulted with the Remunerations Committee, in accordance with the regulations in force for long-term incentivization schemes, including any specific resolutions to be adopted in general meetings. In addition to the executive directors, other Group senior representatives may be included in the long-term incentivization scheme, with a specific pay mix identified for them between short- and long-term variable components. At present no such long-term incentivization scheme is in force.

The Chairman receives only a fixed salary. However, the Board of Directors may assess, having consulted with the Remunerations Committee and within the limits set by the regulations, the possibility of also paying him a variable component, on an exceptional basis, to be distributed in accordance with the regulations set forth in this policy.

The Chief Executive Officer and General Manager also receive their emoluments as directors, but not those due in respect of participation in committees. An insurance policy is available to cover them for third-party liability, and they also benefit from participation in the complementary pension and welfare schemes operated for Mediobanca Group management staff.

The Chief Executive Officer is required to hold a number of Mediobanca shares equal in value to twice the amount of his fixed remuneration, and the General Manager one time, even after the shares deriving from the award of the variable component have actually been assigned, until the respective vesting/holding periods expire. The equivalent amount of shares, to be delivered in a timespan of five years from the date of their first award, must be held throughout the duration of their terms of office, to ensure their actions are aligned with the interests of creating value over the medium/long term.[8]

c) Compensation structure for staff employed in control units and staff and support areas

The remuneration package for the Group's identified staff in the control units (Group Audit, Compliance and Risk Management), Human Resources and the Head of Company Financial Reporting is structured so that the fixed component represents the majority, with a smaller variable component assigned annually based on qualitative and efficiency criteria. The variable component has a maximum limit of 33% of the fixed component, while that of the heads of unit is set annually by the Board of Directors with the Remunerations Committee in favour.

The remuneration of staff employed in the staff and support areas is normally determined on the basis of positioning vis-à-vis the reference market, which varies according to the value of the individual employee, their role, the quality of their performance and the retention strategies in place. For such staff the variable component, usually limited, is not related to the Group's earnings results but to the quality of the individual's performance.

d) Remuneration structure for other "identified staff"

- Fixed salary: this reflects technical, professional and managerial capabilities, and the related responsibilities. Mediobanca devotes continuous attention to the value of the fixed salaries it pays, which are monitored in relation to its competitors and adapted to changes in the market scenario from time to time, avoiding excessive reliance on the

8) At 30 June 2018, the Chief Executive Officer held 2,724,500 Mediobanca shares and the General Manager 1,028,500 Mediobanca shares, equal to approx. 12x and approx. 5.5x their fixed remuneration.

variable component while at the same time being careful not to make the overall package unduly inflexible.

- Variable remuneration: this is the incentivizing component which functions as recognition and reward for the results achieved and objectives met, and is calculated based on risk-adjusted indicators. It constitutes an important motivational factor, and for some business figures (in the Wholesale Banking, Private Banking and Wealth Management divisions in particular) may form a significant portion of their annual pay, in line with reference market practice, without prejudice to the cap and to the other conditions established by the regulations in force.

  The variable remuneration is paid in cash and equity instruments, in part upfront and in part in subsequent years, subject to performance conditions being met. Any shares awarded are subject, after the respective rights have vested, to an additional holding period for retention purposes. The section entitled "Variable component structure" describes the criteria and means of deferral in more detail.

- Benefits: in line with the market, compensation package is completed by a series of fringe benefits which are evidence of the ongoing attention paid by Mediobanca to the personal needs and welfare of its own staff, even after retirement. The benefits chiefly consist of pension, insurance and healthcare schemes. The benefit schemes can be distinguished by families of professionals and geographical areas, but do not make provision for individual discretionary systems. The Bank's supplementary pension scheme was established in December 1998 for all staff, with contribution rates distinguished by category and length of time employed by the company. Company cars are provided only for the most senior figures.

e) Other information on remuneration structure

Under the terms of tax legislation and other relevant applicable regulations, company welfare systems may be implemented for all staff or like-for-like staff clusters. Such systems consist of the provision of non-cash services and instruments (such as training activities, education and study programmes, or care services), which the Group companies make available to employees and their families. Productivity and/or performance bonuses linked to complementary company contracts may be used to this end, or other amounts earmarked for welfare purposes for like-for-like categories of staff.

Buyout, sign-on and entry bonuses may be awarded to staff with particularly important profiles but only at the recruitment stage, and for the first year of their employment by the company, as per the regulations in force. They also include bonuses awarded upon recruitment to compensate for any loss in earnings from previous jobs, in accordance with sector practice. Such bonuses are decided and paid in accordance with the policies and regulations in force.

For specific categories of staff and/or on an individual basis, in cases which involve ongoing employment or its termination, contracts may be signed with minimum guaranteed duration clauses (sometimes referred to as stability pacts), or non-competition agreements or other arrangements as permitted under the applicable employment law and other regulations.

Any compensation paid to Group management for positions held on behalf of Mediobanca in Group or investee companies is paid to Mediobanca itself.

Staff members are not allowed to use personal hedging or insurance strategies involving the variable component of their remuneration or other aspects which could alter or otherwise distort the fundamental alignment of the compensation mechanisms with the company's risk. The control units carry out checks to this end.

Remuneration cannot under any circumstances be paid in forms, instruments or means that seek to avoid the regulatory provisions.

Limit on variable remuneration

Subject to approval by shareholders in general meeting, and in accordance with the national and supranational regulations, the upper limit on the variable remuneration for all staff belonging to the Mediobanca Group[9] and hence for all identified staff has been set at 200% the amount of their fixed remuneration (without prejudice to the provisions in place for staff employed in the control units, Human Resources and the Head of company financial reporting).[10]

The reasons justifying this proposed limit are primarily:

- The need to attract and retain the most talented staff, in investment banking especially, by aligning the Bank's practice with that of its competitors;
- The need to maintain the appropriate operating flexibility, minimizing the risks that would be associated with increasing the fixed labour cost component excessively;
- To ensure that the remuneration policy is consistent with incentives which seek to promote virtuous conduct in the pursuit of business objectives and value creation;
- To align the Bank with the policies adopted by the leading Italian and international banks;
- The increasing presence of competitors in sectors (financial institutions which are not banks, private equity, hedge funds) or geographies (United States, Far East) with a liberalized regulatory framework;
- The possibility of ensuring that funds are distributed appropriately between the most deserving candidates.

The sustainability of this limit is guaranteed by the provisions of the remunerations policies regarding the determination of the variable component, the correlation between risk and performance, and the performance conditions, malus conditions and clawback provisions.

Incentivization system: determination of variable remuneration and correlation between risks and performance

Determination of the variable remuneration and the correlation between risks and performance is achieved via a process which has the objective of rewarding staff based on the Bank's and the Group's risk-adjusted performances, in accordance with the risk profile

9) With the exception of staff not included in the definition of identified staff employed in business areas governed by sector regulations where there is no cap on variable remuneration under the present regulatory framework and in the absence of specific guidance from the supervisory authorities in this area.

10) As at 30 June 2018, the Group's headcount comprised 4,717 staff made up as follows: 587 in Corporate & Investment Banking (with 41 qualifying as identified staff), 1,888 in Wealth Management (11 identified staff), 1,429 in Consumer Banking (3 identified staff), 801 in Holding Functions (32 identified staff), and 12 in Principal Investing (1 identified staff).

defined in the Risk Appetite Framework (RAF), from the perspective of business continuity and sustainable results over the long term.

In more detail:

a) Gateways

Distribution of the variable remuneration earmarked for the remuneration of the "identified staff" in each Group organizational division only takes place if the following indicators or "gateways" are met:

a) Capital adequacy and liquidity requirements [11] indicated by the risk metrics adopted in the Risk Appetite Framework[12] approved by the Board of Directors, which are the primary indicators taken into consideration in the ICAAP;

b) Positive operating profit delivered at Group level.[13]

b) Budgeting phase

Under the process for defining the incentivization system and subsequently determining the divisional variable remuneration, in preparing the budget approved by the Board of Directors, the cost of labour is calculated for the financial year to come, including the amount of variable component, determined on the basis of the all the Mediobanca Group divisions' expected earnings performance targets, the market scenario and historical pay trends.

c) Determination of divisional variable remuneration

Once the final results have been closed, the variable remuneration payable to the Group's business divisions, including the share attributable to identified staff, is calculated based on the risk-adjusted earnings performances of the respective divisional areas (Economic Profit and/or ROAC and/or other risk-adjusted metrics) and on other secondary quantitative and qualitative objectives.

For the Wholesale Banking division,[14] (the area in which the highest number of staff with a substantial impact on Mediobanca's risk profile are employed), the Chief Executive Officer of Mediobanca identifies the share of the share of the division's Economic Profit to be used for the variable remuneration. The amount determined is related to the results of the scorecards for the individual business units, which may be fine-tuned to ensure that overall sustainability is maintained. The aggregate amount also reflects assessment of other quantitative parameters (Group results, Risk Appetite Framework indicators other than those already included among the gateways, comparison of performances delivered versus annual budget objectives and the three-year business plan, comparison versus historical performances, and cost/income and compensation/income ratios) and qualitative parameters (market positioning and market share, retention of key staff, need to recruit new professional talent).

11) CET 1 ratio, Leverage ratio, AFR/ECAP, liquidity coverage ratio, net stable funding ratio.
12) The Risk Appetite Framework identifies the risks which the Bank is willing to take, and for each risk defines the objectives and limits in normal and stressed conditions, identifying the management actions necessary to bring the risk back within the set limit. It is based on assessment of the principal risk drivers to which the Bank is exposed, both macroeconomic and specific. The RAF is subject to ongoing fine-tuning and update, in line with the continual changes in the risk metrics and analysis methodologies adopted, not to mention to the regulatory framework and the corporate processes with which it is integrated.
13) Total income less operating costs and loan loss provisions, as shown in the consolidated restated financial statements.
14) Economic Profit (EP) is defined as the pre-tax profit earned by the Wholesale Banking division, net of variable labour costs and the cost of regulatory capital (not represented in the accounts) required to perform such activities. It therefore measures the additional profit generated after the return on capital, the cost of which is calculated based on a risk-free rate in the medium/long term, the risk premium and taking into account the Division's cost of funding. As required by the supervisory authorities, the EP metric reflects both present and future risks and the sustainability of results over time.

For the Private Banking division, the Chief Executive Officer of Mediobanca identifies the share of ordinary gross operating profit, net of the cost of risk, to be set aside as variable remuneration. To determine this amount, other secondary quantitative metrics, such as inter-company cross-selling, cash/AUA transformation to AUM, and operational risk assessment) and qualitative metrics (management of resources, compliance with regulations) are also used.

For the other divisions and business lines (Consumer, Wealth Management Affluent/Premier, CMB and the entities performing asset management activities, Specialty Finance), the amounts are determined by the Chief Executive Officers of the relevant related legal entities, who to this end liaise with the General Manager and Human Resources department of Mediobanca S.p.A. (see section entitled "Remuneration policies for staff employed at Group companies").

The variable remuneration to be allocated to staff employed in the Holding Functions and the Principal Investing division is established by the Chief Executive Officer of Mediobanca, on the basis – for the former – of general earnings sustainability with limited correlation to the Group's results, and – for the latter – of qualitative criteria and specific qualitative and quantitative performance indicators.

d) Distribution and allocation of variable remuneration

The variable remuneration for the individual business units of the Wholesale Banking division and the Group Treasury and Strategic Portfolio units included in the Holding Functions are calculated on the basis of scorecards which use Economic Profit or other risk-adjusted metrics depending on the nature of the business and activity, and other secondary quantitative metrics (such as reference to budget objectives and historical results performances) and qualitative metrics with the institution of a cap.

For the other divisions (see section entitled "Remuneration policies for staff employed at Group companies"), the variable remuneration is allocated based on internal organizational structure: for senior management, on the basis *inter alia* of individual scorecards; for the commercial branch network and credit management, based on reaching specific business indicators applicable individually or collectively by organizational unit. For the staff, support and control units, allocation is based primarily on qualitative criteria.

e) Exceptions (variable remuneration for retention purposes and floors)

The Board of Directors, at the Chief Executive Officer's proposal and with the Remunerations Committee in favour, may authorize payment of variable remuneration for identified staff for retention purposes even if the gateways have not been met. The possibility of paying variable remuneration for retention purposes is assessed in the light of the causes for the individual gateways not being met, and the impact of the individual indicator on the Group's capital adequacy, liquidity and profitability, including through assessment of the causal link with the Group's various divisions. The scope of the staff and the amount involved is based mainly on the following criteria: the contribution of the individual beneficiary to the overall results of the division and the Group, the importance of the profile to the sustainability of future results, benchmark analysis of the market and competitive scenario, the need to ensure business continuity, and consistency with the succession planning policy.

Furthermore, if the gateways are met but an Economic Profit or other divisional indicator is delivered which is negative or small, the Chief Executive Officer may also propose a variable remuneration floor pool for identified staff, agreeing the rationale for distributing the proceeds with the governing bodies based on the individual contributions of the business activities to the company's results.

f) Assessment of individual quantitative and qualitative performance in the award of the variable remuneration

The individual incentivization system and assignment of variable remuneration to individual beneficiaries are established via an annual performance assessment process based on merit and professional quality, with particular attention to reputational issues: indeed, the variable remuneration may either not be paid or may be reduced for staff guilty of committing compliance breaches of either internal or external regulations in the course of the year. The entitlement to receive variable remuneration is subject to the beneficiary fully maintaining their status as an employee[15] of the Mediobanca Group throughout the assessment period and still being in the company's employment at the actual date of distribution and/or not serving a period of notice for resignation or dismissal. The remuneration may not be split over fractions of years, hence if the employment relationship begins or ceases in the course of the relevant financial year, the staff member concerned is not entitled to any variable remuneration, even pro rata. For identified staff, the performance assessments are ratified individually by the Chief Executive Officer and General Manager of Mediobanca with the support of Group HR.

Mediobanca valorizes its staff on a meritocratic basis, developing their professional capabilities and career opportunities in accordance with the principle of equal opportunities and in line with the Bank's own strategic, organizational and business choices. Professional development is facilitated through the provision of the appropriate training, practical work experience under the leadership of line managers, mobility across different positions, assessment of performance, and ultimately the career advancement and promotion process.

At the start of the year the professional, personal and company objectives for each staff member are assigned and discussed with the respective line manager. Such objectives are meant to be achievable, challenging and weighted according to the priority assigned to each staff member. Particular attention is paid to proper individual conduct in accordance with the provisions of the Code of ethics, Organizational model and Business conduct policy, and in general terms with the principles established by the laws, regulations, operational rules and internal procedures, with reference in particular to those considered to be most relevant in terms of reputational risk.

At the end of each year, the line managers make their assessment of the individual staff members based on these objectives. Interim feedback throughout the year also allows the line managers and staff to agree on the extent to which the objectives have been met, as part of objective discussion of individual performances. In this way the organization is able to reach its objectives while respecting its corporate values, and transparency is assured in the area of training opportunities, professional development and assessment criteria.

For staff belonging to the business units, the assessment reflects:

- Earnings results achieved, e.g. reaching or not reaching budget targets and objectives in terms of improvement from the previous year, with reference to the risk/return and cost/income ratios;

- Qualitative criteria: development of product offering, professional conduct and reliability, quality in terms of customer relationships, technical and analytical skills in the field of finance, ability to control costs, importance placed on achieving operating efficiency,

---

15) The other contractual forms provided for by the regulations apart from full employment contracts (e.g. collaboration or employment agency contracts) are considered equivalent.

and co-operation with other areas of the Bank, reputational and compliance issues, and adherence to the Bank's values.

For all the other units, the main aspects of assessment are based on qualitative objectives and a broader appraisal regarding compliance with regulations, control of costs and efficient management of resources. In particular, for staff employed in the accounting, planning and control areas the following aspects are considered: all obligatory, supervisory and market disclosure requirements being complied with, all the accounting processes, related electronic procedures and tax requirements being managed efficiently and accurately. For staff employed in the internal control units, i.e. Group Audit, Compliance and Risk Management, continuous monitoring and control of the Bank's processes and operations, carried out independently and autonomously to prevent risk situations developing and ensure irregular behaviour or events is picked up swiftly; continuous assessment of compliance with the regulations in the form of appropriate audit plans, updates to internal guidance, training of internal units; correct development of models, methodologies and metrics with which to measure market, credit and operational risks, producing adequate reporting for monitoring processes and accurate analysis of new products and their risk profiles.

In close relation to the valuation process, staff may also be involved in a career advancement pathway, which may involve covering new organizational roles, promotion to a new contractual level or being assigned a new corporate title based on the experience acquired and results achieved. Promotions are proposed by the head of the business unit concerned, agreed with Human Resources and approved by the General Manager and/or the Chief Executive Officer (for middle management). For higher levels (senior management or equivalent), the process involves specific appraisal of the candidate concerned, including by other senior Bank staff from a variety of different professional backgrounds, experience and roles. The process is closely linked to that of succession planning which involves researching, identifying and managing individual candidates for senior positions (specifically executive directors, including in cases where such figures have to be replaced ahead of the scheduled expiry of their term of office, in view of the fact that under Mediobanca's current Articles of Association, some of the directors must be chosen from among staff with at least three years' experience as senior management employed by Mediobanca Banking Group companies). The process also requires a pool of possible high-potential replacements to be identified (the "senior talent pool") for key positions, including the business areas, control units, and staff and support roles, in view of likely future requirements in terms of strategic leadership and/or professional and managerial capabilities based on a global organizational approach, without neglecting to monitor the market on an ongoing basis. Growth and career development pathways are devised for such staff, including involvement in specific strategic projects, exposure to Board/committee meetings, and international and intra-Group rotation. Selection is based on assessment of professional and technical skills, as shown by CV and company record as well as performance over time, possession and development of key leadership capabilities.

The remunerations policies are therefore co-ordinated with the selection, appointment, succession and assessment of the adequacy of company representatives and Key Function Holders and the Staff management policies.

Variable component structure: timescale for distribution and instruments

A substantial proportion of the variable component is deferred in time and distributed in the form of equity instruments, in order to link incentives to the objective of value creation in the long term, and to allow the continuity of the company's positive results to be ascertained.

The variable component payable to directors with executive duties, to senior management (i.e. groups 2 and 3 of the table shown in the section entitled "Identified staff") and to staff employed in areas operating on financial markets, included in groups 5 and 7 of the same table, is deferred as to 60%.

For the remaining identified staff the deferred share is 40%.

The time horizon for deferral is three years, save for directors with executive duties and for senior management (i.e. groups 2 and 3 in the table shown in the section entitled "Definition of identified staff"), for whom it is five years, with annual distributions made pro rata. Deferral applies to any amount of variable remuneration.

For line managers and senior staff in the control units and staff and support areas (groups 4 and 6), deferral is applied to variable remuneration which is equal to or exceeds €80,000.

The upfront component (i.e. paid in the same year as the award is made) and the deferred variable remuneration are distributed as to 50% in cash and as to 50% in equity instruments (ordinary shares).

After the vesting period, the shares are subject to a further retention holding period, of two years for the upfront component and one year for the deferred component.

Given the full time horizon over which the variable remuneration is distributed, in cash and shares, the economic benefit for recipients is spread across six financial years for management staff and over five years for the other identified staff.

Mediobanca also applies a 30% deferral over a three-year time horizon, all in cash and subject to malus conditions, to all staff not included in the definition of identified staff who receive variable remuneration equal to or higher than €100,000[16].

Performance conditions, malus condition and clawback

The deferred variable remuneration component is paid, provided that:

- The beneficiary is still a Group employee[17] and not serving a period of notice for resignation or dismissal;
- In each of the financial years, the performance conditions equating to the gateways described in the section entitled "Incentivization system: determination of variable remuneration and correlation between risks and performance" are met;
- The beneficiaries' business units post a positive risk-adjusted result net of extraordinary items and the effects of strategic decisions, as ratified by the Risk Management unit;
- The beneficiary has not committed any compliance breaches (i.e. has not been subject to disciplinary measures under the terms, *inter alia*, of Mediobanca's Code of ethics,

16) The same deferral structure also applies in those Group companies which do not have a specific policy of their own and which therefore adopt the Group policy directly.
17) Equivalent provisions are made for other forms of employment relationships (e.g. collaboration or agency contracts). For Directors of Group companies who are not tied to the Group by employment contracts, when their terms of office come to an end as a result of expiring naturally or failing to be renewed, the rights are maintained subject to the provisions of the specific individual agreements and provided that the person concerned has not left office due to compliance breaches or other deeds attributable to them.

Organizational model, Business conduct policy and other internal regulations[18]) and no losses have been incurred which were attributable to their actions.

This method is consistent with the requirement for staff, in accordance with their role and business activity, to conduct themselves at all times in such a way as to ensure that Mediobanca retains a solid capital base, a strong liquidity position and close control of all risks as well as positive earnings results, thus guaranteeing that the remuneration systems remain sustainable over the long term.

For staff employed at other Group companies, the Chief Executive Officer may choose to identify one or more specific economic indicators to replace those referred to above.

The Board of Directors, with the favourable opinion of the Remunerations Committee, may, at the Chief Executive Officer's proposal, authorize payment of the deferred component, including in part, even if the gateways are not achieved, either to business divisions or individuals who during the year have delivered particularly outstanding performances or who are expected to be decisive with regard to the sustainability of results over time, for retention purposes.

Mediobanca reserves the right to take all measures necessary to claim back variable remuneration already paid (the "clawback" mechanism) in the event of damages emerging to the integrity of its capital, profitability and earnings/financial or reputational situation, which are attributable to the conduct of individual staff members even without fraud and/or wilful misconduct being established. In particular, provision for such measures is made in cases involving breach of the obligations imposed under Article 26 of the Italian banking act (company representatives – personal and professional qualifications and independence) or, where relevant to the party involved, Article 53, paras. 4ff (regulatory supervision), of the obligations in respect of remuneration and incentivization.

18) The remuneration and incentivization system must not only discourage inappropriate behaviour but must also contribute to promoting good conduct. For this reason conduct is an important issue of the remuneration polices, which must take due account of individual and collective responsibilities in the event of misconduct and establish their impact on remuneration. To this end Mediobanca has drawn up a Group directive which lays down the rules for identifying and assessing compliance breaches and their impact on the variable remuneration component, whether already awarded or still to be awarded. In more detail, in the event of compliance breaches being committed malus mechanisms can be activated to reduce or wipe out the value of: (i) the variable remuneration to be assigned for each year in connection with the annual performance assessment of the individual concerned or a specific unit; and/or (ii) deferred component for previous years as yet unpaid; or clawback mechanisms, which require an amount of the variable remuneration already distributed to be repaid. For the purposes of identifying a compliance breach, account is principally taken of violations noted by the control units (Compliance & Group AML, Group Audit and Group Risk Management) and the authorities (e.g. Bank of Italy, Consob). To ensure greater effectiveness, and in accordance with the principle of proportionality, under the terms of the Directive only relevant violations constitute compliance breaches, i.e. incidents which have exposed Mediobanca to a significant risk of non-compliance with the regulations. In general terms, this involves violations which give rise to criminal or administrative liability as a result of a crime being committed (e.g. those contemplated in Italian Legislative Decree 231/01) and violations specific to the banking and financial sector (e.g. market abuse, provision of banking or investment services, anti-money-laundering, business conduct). Any more minor breaches noted by the control units and/or behavioural violations detected by Group HR, despite not constituting compliance breaches, may in any case be taken into consideration in connection with payment of variable remuneration as part of the performance assessment process, which always includes assessment of general conduct among the objectives, along with the individual operating targets. The relevance of the violation is assessed on the basis of the following issues: seriousness of the violation, extent of the violation, and external relevance. Each compliance breach is assessed on the basis of each of the foregoing criteria, assigning a value of nil, low, medium or high and establishing an overall score. For each score the variable component is reduced by a certain amount affecting the remuneration for the current financial year (in-year adjustment) and/or the deferred component assigned in previous years but not yet distributed. In the event of enquiries or disciplinary proceedings being launched by the authorities which have not resulted in procedural violations being clearly established, it may be decided to suspend payment of the variable remuneration, either the upfront and/or deferred component as yet unpaid depending on the results of the enquiries. The outcome of the assessment and the impact on the variable remuneration, individual or unit scorecard, is formalized and stored by the Compliance unit, with regular reporting to the governing bodies.

Performance share schemes

In order to have ordinary shares for use as components of staff remuneration, Mediobanca has adopted a performance share scheme, approved by shareholders at the annual general meeting to be held on 28 October 2015, to which reference is made for all further details.

The scheme involves the award of Mediobanca shares to beneficiaries as the equity component of the variable remuneration granted to them as a result of the annual or long-term performance assessment process. The shares awarded are actually assigned to the beneficiaries at the end of a vesting period of at least three years – two years for the upfront component – provided that the beneficiaries are still employed by the Group and that the performance conditions stipulated in the remuneration policies in force at the time under the section entitled "Performance conditions, malus condition and clawback" regarding the sustainability of the results achieved have been met, without prejudice to the company's capital solidity and liquidity and/or proper individual conduct.

The performance shares awarded as deferred equity component, after the performance conditions for the reference year have been checked, are subject to a further holding period of at least one year prior to the their actual assignation, which remains conditional upon the beneficiary continuing to work for Mediobanca. The performance shares awarded as upfront equity component are subject to a holding period of two years prior to their actual assignation, which remains conditional upon the beneficiary continuing to work for the Group.

The Chief Executive Officer may also use ordinary shares as an instrument outside the annual award cycle, to define remuneration packages upon the occasion of recruiting new key staff. The governing bodies may also award quantities of performance shares as part of compensation agreed in respect of early termination of the working relationship, to link it to the performance delivered and the risks taken by the individual and the Bank, as required by the regulations in force and consistent with the provisions of the remunerations policies in force at the time.

The shares received are personal, without prejudice to inheritance rights. The right to receive shares is retained in the event of retirement or the beneficiary being permanently disabled and/or suffering from an illness which makes them unable to continue working. Conversely, the right to receive shares is forfeited in cases where the beneficiary tenders their resignation or is dismissed. Exceptions to the foregoing are handled by the governing bodies within their respective areas of authority, namely the Board of Directors, Remunerations Committee and the Chief Executive Officer, based on the powers vested in them, particularly in cases which involve departures by mutual consent within the limits defined by the remunerations policies in force at the time. The foregoing is without prejudice to any decisions that may be taken by a third party authorized for such purpose, namely judicial authorities and/or arbitration and/or conciliation bodies, and without prejudice to any regulations providing for more favourable treatment instituted by the applicable local legislations.

Performance shares are awarded from capital increases approved by the shareholders in general meeting or from any treasury shares the Bank may possess (once again subject to a resolution being passed in general meeting). The maximum number of shares that may be awarded under the terms of the existing scheme is 20 million, from the capital increase reserved for award to Mediobanca Group staff members before 28 October 2020, pursuant to Article 2349 of the Italian Civil Code, which was approved by shareholders on 28 October 2015. A total of 6,856,737 shares remain, and at present there is a total of 6,840,878 performance shares assigned against the resolution adopted by shareholders but not yet allocated on account of their being subject to vesting and/or holding periods. Alternatively and/or in addition, those of the 8,714,833 treasury shares currently held by the Bank and not reserved for other purposes may be used to this end.[19] The fully-diluted percentage of the share capital accounted for by the equity instruments assigned to Group staff amounts to 0.78%. The impact on the stock's value and the possible dilution of the share capital is negligible, given that there are several schemes in operation over different years and with different vesting and holding periods over a medium-/long-term time horizon.[20]

Remuneration policies for staff employed at Group companies

Mediobanca liaises constantly with its Group companies to ensure that the remuneration and incentivization systems operating within the Banking Group are consistent, while respecting the specific nature of their sectors of operation, organizational structures, regulations applicable according to type of business and geographical location. In particular the parent company manages the process of defining identified staff, issues guidance to be adopted and takes part in drafting documents relating to the remunerations policies to be compiled by the subsidiaries.

Mediobanca approves the amount of the variable remuneration, including that for identified staff in the different companies and their allocation; establishes the objectives for the CEOs and/or General Managers of the Group companies, and ascertains whether they have been met; and defines the basic principles of the guidelines of the incentives mechanism for the other staff at the companies, leaving the specific decisions up to their respective Boards of Directors.

The incentivization system is reserved specifically to senior staff who, on account of their professional specialization, organizational role and importance to the business, have an impact on their companies' performance and value creation. The beneficiaries are identified by the Chief Executive Officer and/or General Managers of the companies themselves, after consulting with the General Manager and the Human Resources department of Mediobanca. Each beneficiary is notified of their inclusion in the incentives scheme, with a defined annual bonus target and calculation method. The bonus is determined annually on an individual basis in view of the risk-adjusted earnings performance delivered by the company (the indicator used for the Group companies is usually the economic profit earned by the business area and/or the ROAC delivered by the business division in which they work or by other specific risk-adjusted metrics based on the type of activity, as is the case with asset management activity) and other secondary, quantitative objectives. For the commercial branch network and credit management, establishment of the variable component is based on specific quantitative indicators which can be applied individually or collectively by organizational unit. Valuation indicators are also adopted to incentivize proper relations with clients, including (but not limited to): customer satisfaction analysis, commodity checks, absence of complaints attributable to specific responsibilities for improper conduct versus clients, assessment of other quality indicators (e.g. correct MiFID profiling, absence of contractual irregularities, observance of internal processes in the area of powers, proxies and guidelines). Due consideration is also taken of the results of checks made by the control units. The assessment is completed by consideration of whether or not individual and project objectives have been achieved. The completed assessment is validated by Mediobanca S.p.A. For the staff, support and control units, allocation is based primarily on qualitative criteria.

19) Any other treasury shares acquired in accordance with the provisions of the resolution adopted by shareholders in the annual general meeting held on 27 October 2018 may be used for the same purposes.

20) At the extraordinary annual general meeting held on 27 June 2007, the shareholders of Mediobanca adopted a stock option, which was then revised by the Board of Directors at a meeting held on 24 June 2011 to become a performance stock option scheme. A total of 150,000 options assigned in 2011 at €6.430 under the terms of this scheme remain outstanding, and may be exercised by 30 June 2019. The 24,464,000 shares remaining from the capital increase (to be implemented by 1 July 2022) can no longer be used.

Below given limits, the bonus is paid entirely in cash in the year in which it accrues. Above such limits provision is made for forms of deferral, on a three-year basis. In the event of losses related to provisions which prove to be insufficient, contingent liabilities or other items which might prejudice the integrity of the accounts (such instances not to be construed restrictively; the "malus conditions"), all or part of the deferred share may not be paid.

In line with the provisions in place for Mediobanca, the incentivization schemes in operation at the Group companies too place particular emphasis on the issue of proper individual conduct (i.e. compliance with regulations and internal procedures, and transparency versus clients) by adopting the concept of compliance breaches, both at the stage of award of the variable component, and in assessment of whether or not to pay any deferred components.

External networks and financial advisors

To achieve its strategic objectives and provide services to its clients, the Group, via the Wealth Management division, also uses financial advisors retained on the basis of agency contracts. This allows them to promote and sell financial products and services without representation, on an independent and exclusive basis.

In view *inter alia* of the independent nature of their employment relationship, their remuneration is entirely variable but split between recurring and non-recurring components.

The recurring component chiefly consists of direct commissions (on various products, such as Asset Management, Individual Asset Management, Insurance, Asset Administration, Direct Funding, Bank Services, bank products offered by the Mediobanca Group), and indirect commissions ("oven" fees if a management mandate is issued, calculated based on the business promoted by the advisors co-ordinated and concluded by the Bank).

These are credited back on various grounds (e.g. sales, maintenance, management, negotiation and distribution fees) based on the commission table in force from time to time and attached as an annex to the agency contract. They constitute the more stable, ordinary component of their remuneration and in themselves do not serve for incentivization purposes (comparable to the fixed remuneration component for employees).

The non-recurring component does serve for incentivization purposes (and is therefore comparable to the variable remuneration component for employees) and is linked, for example, to beating certain targets in terms of funding (bonus for developing portfolios or growing the Bank's customers), launch of new products, long-term incentivization schemes operative over several years, etc.

As required by the regulations in force, the Group includes staff members belonging to this category in the process of defining identified staff. The qualitative identification criteria adopted refer to the possible liability on the part of the relevant organizational units for the earnings, financial or reputational risk to which they could expose the Group. The quantitative criteria provided for by the regulations are also adopted for employees to be included in the definition of identified staff; these regulations also govern exclusion mechanisms and procedures, if any.

In accordance with the provisions for employees, for financial advisors too, particular attention is paid to the issue of assessment of proper individual conduct and control of operational and reputational risks (such as compliance with the regulations and internal procedures, and transparency versus clients) through adoption of the mechanism known as compliance breach. Specific events or behaviours are monitored ex post, including (without limitation): sanctions or precautionary measures taken by the supervisory authorities against the financial advisor, complaints made by clients for facts attributable to the financial advisor, fraudulent behaviour or wilful misconduct by the financial advisor, failure to comply with the sector regulations, internal procedures and conduct obligations versus clients, with reference in particular to the duty to act in accordance with the principles of professionalism and proper conduct in relations with clients. Appropriate organizational procedures to prevent such situations from occurring are put in place ex ante.

The same rules apply to non-recurring remuneration received by financial advisors included in the definition of Group identified staff as apply to the payment of variable remuneration for the other identified staff (i.e. gateways, cap, deferral, malus clause and clawback).

Asset management companies

The Group includes companies in the asset management sector (UCITS and AIFs) which operate in different jurisdictions (Italy, United Kingdom, Switzerland, Luxembourg, Principality of Monaco). They are subject to the sector regulations instituted by the local regulators (for the European companies this means the national regulations transposing the UCITS V and AIFMD directives[21]) based *inter alia* on the criteria of proportionality and within the broader framework of the consolidated banking regulations on subjects including:

- Role of shareholders in general meeting, governing bodies, Remunerations Committee, and governance processes in general where applicable;
- Definition of identified staff at individual and consolidated levels;
- Remuneration and incentivization system structures correlated to performance indicators for the manager and the UCITS and AIFs managed and measured net of the risk concerning their operations, and which take account of the level of the capital and liquidity resources necessary to cover the activities and investments made;
- Application of specific means of deferral between different categories of risk-takers, including the assignment of variable remuneration in the form of financial instruments linked to shares in funds or equivalent non-cash instruments;
- Caps on variable remuneration, if any, as a result of forming part of the banking group and the regulations applicable to it from time to time and/or the relevant jurisdiction;
- Specific malus clauses and clawback mechanisms;
- Dismissal or resignation;
- Disclosure requirements.

20) In Italy this refers to the joint Bank of Italy/Consob regulations issued on 28 April 2017 which transposes and combines the UCITS V and AIFMD guidelines.

Policies in the event of employment being terminated or otherwise ending

As provided by the regulations and the Articles of Association, the shareholders in ordinary general meeting are responsible for determining the compensation to be awarded in cases of early termination, including the limits set on such compensation in terms of the annual fixed salary and the maximum amount deriving from applying them.

a) Treatment for directors leaving office early

Mediobanca does not make payments other than the ordinary component to directors who leave office for any reason.

b) Treatment for employees

Treatment for individuals linked to Mediobanca Group companies under the terms of employment contracts (i.e. including directors who are members of the Group's senior management and all identified staff, including the aggregate of management with strategic responsibilities) requires payment of:

- The amount established and due in accordance with the provisions of law and the locally applicable contractual regulations in respect of the cost of the failure to provide notice[22] and other entitlements payable upon termination (severance provision, holiday leave etc.);
- A possible additional amount by way of severance: severance pay is the main instrument recognized in the various jurisdictions for cases where the employment relationship is terminated by mutual consent, with a view to minimizing the earnings and reputational risks, present and future, which the Bank might face as a result of possible disputes;
- Other types of arrangement, e.g. to cover non-competition agreements or settlements paid in respect of potential moral or material damages.

c) Severance pay amount

The amount of severance pay is determined by taking into account the various factors normally stipulated in the applicable provisions of employment law and jurisprudence and in employment contracts (collective or individual), as well as the practice adopted on the respective reference markets. Although it is difficult to provide an exhaustive definition of the concrete situation given the variety of individual cases, the following factors in particular are taken into account: number of years' service within the Group, age and personal and social conditions, role and organizational position held, the historical performance in qualitative/quantitative terms delivered by the individual concerned, the reasons underlying the termination of the employment relationship (which in some cases may be organizational and strategic rather than related to the question of individual performance), the performance of activities which have generated criticalities for the risk profile established by the Group, the adoption of personal conduct which does not conform to company values, and the existence of risks for the Bank linked to possible disputes. The approach adopted reflects the effective and long-term results of the individual and company performance.

The basis for calculating the additional monthly salaries to be paid by way of severance is usually the most recent fixed salary, the average variable remuneration paid over a given time horizon (generally the last three years), and in some cases the value of fringe benefits.

22) In Italy the period of notice required is established on the basis of the national collective labour contracts in force at the time. Usually the notice period will be from six to twelve months, depending on the number of years' service the employee concerned has accrued.

Mediobanca defines the total maximum amount payable by way of severance as 24 monthly salaries, as previously defined and in any case no more than €5m, unless provided otherwise by shareholders in general meeting. This amount includes any non-competition agreements. The amount does not include any amounts paid as indemnity for failure to give notice and the other amounts due in connection with termination of the employment relationship (severance provision, holiday leave etc.) referred to under the first bullet point of the foregoing point b).[23] Severance payments may not under any circumstances exceed the limits set by the applicable laws, regulations and collective contracts.

Severance may not be paid in cases where the conduct of individual staff members has resulted in damages to the integrity of the Bank's capital, profitability and earnings/financial or reputational situation, whether or not fraud and/or wilful misconduct is established.

d) Timescales for payment and instruments used

For identified staff included in clusters 2 and 3 in the table shown in the section entitled "Definition of identified staff", the methods and timescales provided for in making severance payments and any compensation for non-competition agreements entered into upon terminating an employment relationship include payment of a deferred share of at least 40% over a time horizon of at least three years, use of shares or instruments related to them, payment being made subject to malus conditions in the event of liability being established in cases of fraud and/or wilful misconduct and/or attributed in a court of law to the individual staff member's own responsibility during the period in which they worked for the company which emerge after the employment relationship has been terminated. For other identified staff, forms of deferral and risk adjustment may be applied, with the appropriate methods to be identified based on the amount to be paid by way of severance, in addition to the considerations described under point c) above. The Bank also reserves the right to use the claw back mechanism in the cases provided for in the applicable employment law regulations.

e) Treatment of any variable remuneration deferred component awarded but not yet paid and fringe benefits

Entitlement to receive deferred variable remuneration components, in cash and/or equity, awarded in previous years but not yet paid, is forfeited in cases where staff members tender their resignations or are dismissed, as the entitlement to any company benefits.

In cases where termination of the employment relationship is by mutual consent, and for treatment in cases of "good leavers", exceptions providing for more favourable treatment in individual cases and the possibility of applying more favourable local legislations, are handled by the governing bodies within their respective areas of responsibility, namely the Board of Directors, Remunerations Committee and Chief Executive Officer, based on the powers vested in them.

f) Decisions by third parties

The foregoing is without prejudice to any decisions that may be taken by a third party authorized for such purpose, namely judicial authorities and/or arbitration and/or conciliation bodies.

---

23) In terms of the number of years' fixed remuneration, if an employee has received variable remuneration throughout the time horizon considered equal to twice their annual fixed salary (cf. 2:1 cap), a total of six years' annual salary would be considered. This provision, which is entirely theoretical, is balanced by the maximum amount payable in absolute terms established by the remuneration policies.

g) Involvement of governing bodies

Regular reporting is made to the Remunerations Committee on any decisions taken vis-à-vis employees qualifying as identified staff, and the Committee itself is involved promptly in deciding on the treatment of the most significant individual cases.

h) Arrangements for the Chairman, the Chief Executive Officer and General Manager

In cases where the Chairman (if a member of the Group's management), Chief Executive Officer and/or General Manager leave the Bank's employment for any reason, the provisions of the Group's remuneration policies for identified staff and the sector regulations in force from time to time shall apply. Any amounts paid in cash, in addition to notice, shall be subject to contributions to the company's complementary pension scheme, and save in cases of dismissal for just cause, the said persons will be allowed to retain any financial instruments assigned to them up to the time when the employment relationship is terminated.

Dear Shareholders,

In view of the foregoing, we invite you to adopt the following proposed resolution for which, as in previous years, three separate votes will be held:

"At an ordinary general meeting, the shareholders of Mediobanca

in view of the Staff remunerations policies for FY 2017-18 as illustrated in the Board of Directors' report,

HEREBY RESOLVE

Resolution 1: to approve the new staff remuneration policies as illustrated in the Board of Directors' report;

Resolution 2: to adopt the provision instituted in the section entitled "Limit on variable remuneration" which establishes the ratio between variable and fixed remuneration at a maximum of 2:1, without prejudice to the fact that such ratio may not in any case exceed the maximum amount permitted by the law and regulations in force;

Resolution 3: to adopt the provision instituted in the section entitled "Policies in the event of employment being terminated or otherwise ended", establishing the criteria for determining the compensation to be agreed in cases where directors or staff leave office or cease working for Mediobanca early, including the limits on such compensation in terms of the number of annual fixed salary payments to be made and the maximum amount deriving from their application;

and to confer on the Board of Directors and the Chief Executive Officer and/or the General Manager on its behalf, the broadest powers to execute all deeds and perform all measures and formalities necessary in order to implement each of the three foregoing resolutions including the power to make all amendments to the new staff remunerations policies that prove necessary to bring them into line with the law and regulations in force from time to time".

Milan, 20 September 2018

The Board of Directors

MEDIOBANCA

Section 2

Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities.

(A)	(B)	(C)		(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
				Fixed compensation				Variable compensation (non-equity)						
Name and surname	Post	Period for which post has been held	Term of office expires	Emoluments	Fixed salary	Total	Fees payable for participation in committees	Bonus and other incentives	Interest in earnings	Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/severance
Renato Pagliaro	Chairman	01/07/2017 30/06/2018	30/06/2020	100.000	1.800.000					350.396				
	Member of Appointments committee									of which complementary pension scheme				
										346.411				
	(I) Compensation in company preparing the accounts			100.000	1.800.000	1.900.000				350.396		2.250.396		
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			100.000	1.800.000	1.900.000				350.396		2.250.396		
Maurizia Angelo Comneno	Deputy Chairman of Board of Directors	01/07/2017 30/06/2018	30/06/2020	135.000		135.000						135.000		
	Member of Executive Committee	01/07/2017 30/06/2018	30/06/2020	90.000		90.000						90.000		
	(I) Compensation in company preparing the accounts			225.000		225.000						225.000		
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			225.000		225.000						225.000		
Alberto Pecci	Deputy Chairman of Board of Directors	01/07/2017 30/06/2018	30/06/2020	123.589		123.589						123.589		
	Member of Remunerations committee	01/07/2017 30/06/2018	30/06/2020	30.000		30.000						30.000		
	(I) Compensation in company preparing the accounts			153.589		153.589						153.589		
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			153.589		153.589						153.589		
Alberto Nagel	CEO	01/07/2017 30/06/2018	30/06/2020	100.000	1.800.000	1.900.000		748.800		448.356		3.097.156	951.375	
										of which complementary pension scheme				
										443.463				
	(I) Compensation in company preparing the accounts			100.000	1.800.000	1.900.000		748.800		448.356		3.097.156	951.375	
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			100.000	1.800.000	1.900.000		748.800		448.356		3.097.156	951.375	
Francesco Saverio Vinci	General Manager	01/07/2017 30/06/2018	30/06/2020	100.000	1.500.000	1.600.000		539.520		375.660		2.515.180	694.220	
										of which complementary pension scheme				
										369.136				
	(I) Compensation in company preparing the accounts (5)			100.000	1.500.000	1.600.000		539.520		375.660		2.515.180	694.220	
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			100.000	1.500.000	1.600.000		539.520		375.660		2.515.180	694.220	
Marie Bolloré	Director	01/07/2017 30/06/2018	30/06/2020	100.000		100.000						100.000		
	Member of Appointments committee	01/07/2017 30/06/2018	30/06/2020	20.000		20.000						20.000		
	(I) Compensation in company preparing the accounts			120.000		120.000						120.000		
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			120.000		120.000						120.000		
Cesar Alierta	Director	28/10/2017 08/03/2018	08/03/2018	36.164		36.164						36.164		
	Member of Remunerations committee	28/10/2017 08/03/2018	08/03/2018	10.849		10.849						10.849		
	(I) Compensation in company preparing the accounts			47.013		47.013						47.013		
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			47.013		47.013						47.013		
Maurizio Carfagna	Director	01/07/2017 30/06/2018	30/06/2020	100.000		100.000						100.000		
	Member of Risks committee and Related parties committee	01/07/2017 30/06/2018	30/06/2020	80.000		80.000						80.000		
	Member of Remunerations committee	01/07/2017 30/06/2018	30/06/2020	30.000		30.000						30.000		
	(I) Compensation in company preparing the accounts			210.000		210.000						210.000		
	(II) Compensation from subsidiaries/associates at 30/06/2018 (2)			22.699		22.699						22.699		
	(III) Total			232.699		232.699						232.699		

MEDIOBANCA

(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
					Fixed compensation				Variable compensation (non-equity)						
Name and surname	Post	Period for which post has been held		Term of office expires	Emoluments	Fixed salary	Total	Fees payable for participation in committees	Bonus and other incentives	Interest in earnings	Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/severance
Maurizio Costa	Director	01/07/2017	30/06/2018	30/06/2020	100.000		100.000						100.000		
	Member of Remunerations committee	01/07/2017	27/10/2017	30/06/2017	9.780		9.780						9.780		
	Chairman of Appointments committee	01/07/2017	30/06/2018	30/06/2020	20.000		20.000						20.000		
	(I) Compensation in company preparing the accounts				**129.780**		**129.780**						**129.780**		
	(II) Compensation from subsidiaries/associates at 30/06/2018														
	(III) Total				**129.780**		**129.780**						**129.780**		
Angela Gamba	Director	28/10/2017	30/06/2018	30/06/2020	67.397		67.397						67.397		
	Member of Risks committee and Related parties committee	28/10/2017	30/06/2018	30/06/2020	53.918		53.918						53.918		
	(I) Compensation in company preparing the accounts				**121.315**		**121.315**						**121.315**		
	(II) Compensation from subsidiaries/associates at 30/06/2018														
	(III) Total				**121.315**		**121.315**						**121.315**		
Valérie Hortefeux	Director	28/10/2017	30/06/2018	30/06/2020	67.397		67.397						67.397		
	Member of Remunerations committee	28/10/2017	30/06/2018	30/06/2020	20.219		20.219						20.219		
	Member of Risks committee and Related parties committee	28/10/2017	30/06/2018	30/06/2020	53.918		53.918						53.918		
	(I) Compensation in company preparing the accounts				**141.534**		**141.534**						**141.534**		
	(II) Compensation from subsidiaries/associates at 30/06/2018														
	(III) Total				**141.534**		**141.534**						**141.534**		
Alberto Lupoi	Director	28/10/2017	30/06/2018	30/06/2020	67.397		67.397						67.397		
	Member of Remunerations committee	28/10/2017	30/06/2018	30/06/2020	20.219		20.219						20.219		
	Member of Appointments committee	28/10/2017	30/06/2018	30/06/2020	13.479		13.479						20.219		
	(I) Compensation in company preparing the accounts				**101.096**		**101.096**						**101.096**		
	(II) Compensation from subsidiaries/associates at 30/06/2018														
	(III) Total				**101.096**		**101.096**						**101.096**		
Elisabetta Magistretti	Director	01/07/2017	30/06/2018	30/06/2020	100.000		100.000						100.000		
	Chairman of Risks committee and Related parties committee	01/07/2017	30/06/2018	30/06/2020	80.000		80.000						80.000		
	Member of Appointments committee	01/07/2017	30/06/2018	30/06/2020	20.000		20.000						20.000		
	Member of Remunerations committee	01/07/2017	27/10/2017	30/06/2017	9.781		9.781						9.781		
	(I) Compensation in company preparing the accounts				**209.781**		**209.781**						**209.781**		
	(II) Compensation from subsidiaries/associates at 30/06/2018														
	(III) Total				**209.781**		**209.781**						**209.781**		
Massimo Tononi	Director	28/10/2017	30/06/2018	30/06/2020	67.397		67.397						67.397		
	Member of Risks committee and Related parties committee	28/10/2017	30/06/2018	30/06/2020	53.918		53.918						53.918		
	(I) Compensation in company preparing the accounts				**121.315**		**121.315**						**121.315**		
	(II) Compensation from subsidiaries/associates at 30/06/2018														
	(III) Total				**121.315**		**121.315**						**121.315**		
Gabriele Villa	Director	28/10/2017	30/06/2018	30/06/2020	67.397		67.397						67.397		
	Member of Executive Committee	28/10/2017	30/06/2018	30/06/2020	60.658		60.658						60.658		
	(I) Compensation in company preparing the accounts				**128.055**		**128.055**						**128.055**		
	(II) Compensation from subsidiaries/associates at 30/06/2018														
	(III) Total				**128.055**		**128.055**						**128.055**		
Marco Tronchetti Provera	Deputy Chairman of Board of Directors	01/07/2017	27/10/2017	30/06/2017	44.014		44.014						44.014		
	(I) Compensation in company preparing the accounts (1)				**44.014**		**44.014**						**44.014**		
	(II) Compensation from subsidiaries/associates at 30/06/2018														
	(III) Total				**44.014**		**44.014**						**44.014**		

MEDIOBANCA

(A)	(B)	(C)		(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
				Fixed compensation				Variable compensation (non-equity)						
Name and surname	Post	Period for which post has been held	Term of office expires	Emoluments	Fixed salary	Total	Fees payable for participation in committees	Bonus and other incentives	Interest in earnings	Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/severance
Tarak Ben Ammar	Director	01/07/2017 27/10/2017	30/06/2017	32.603		32.603						32.603		
	(I) Compensation in company preparing the accounts			**32.603**		**32.603**						**32.603**		
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			**32.603**		**32.603**						**32.603**		
Gilberto Benetton	Director	01/07/2017 27/10/2017	30/06/2017	32.603		32.603						32.603		
	(I) Compensation in company preparing the accounts			**32.603**		**32.603**						**32.603**		
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			**32.603**		**32.603**						**32.603**		
Mauro Bini	Director	01/07/2017 27/10/2017	30/06/2017	32.603		32.603						32.603		
	Member of Risks committee and Related parties committee	01/07/2017 27/10/2017	30/06/2017	26.082		26.082						26.082		
	Chairman of Appointments committee	01/07/2017 27/10/2017	30/06/2017	6.521		6.521						6.521		
	(I) Compensation in company preparing the accounts			**65.206**		**65.206**						**65.206**		
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			**65.206**		**65.206**						**65.206**		
Angelo Casò	Director	01/07/2017 27/10/2017	30/06/2017	32.603		32.603						32.603		
	Member of Executive Committee	01/07/2017 27/10/2017	30/06/2017	29.342		29.342						29.342		
	(I) Compensation in company preparing the accounts			**61.945**		**61.945**						**61.945**		
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			**61.945**		**61.945**						**61.945**		
Marina Natale	Director	01/07/2017 27/10/2017	30/06/2017	32.603		32.603						32.603		
	(I) Compensation in company preparing the accounts			**32.603**		**32.603**						**32.603**		
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			**32.603**		**32.603**						**32.603**		
Vanessa Labérenne	Director	01/07/2017 27/10/2017	30/06/2017	32.603		32.603						32.603		
	Chairman of Remunerations committee	01/07/2017 27/10/2017	30/06/2017	9.781		9.781						9.781		
	Member of Risks committee and Related parties committee	01/07/2017 27/10/2017	30/06/2017	26.082		26.082						26.082		
	(I) Compensation in company preparing the accounts			**68.466**		**68.466**						**68.466**		
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			**68.466**		**68.466**						**68.466**		
Gian Luca Sichel	Director	01/07/2017 27/10/2017	30/06/2017	32.603		32.603						32.603		
	(I) Compensation in company preparing the accounts			**32.603**		**32.603**						**32.603**		
	(II) Compensation from subsidiaries/associates at 30/06/2018				200.000	200.000				2.420		202.420		
	(III) Total			**32.603**	**200.000**	**232.603**				**2.420**		**235.023**		
Alexandra Young	Director	01/07/2017 27/10/2017	30/06/2017	32.603	113.333	145.936				13.957 of which complementary pension scheme 12.322		159.893		
	(I) Compensation in company preparing the accounts			**32.603**	**113.333**	**145.936**				**13.957**		**159.893**		
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			**32.603**	**113.333**	**145.936**				**13.957**		**159.893**		

MEDIOBANCA

(A)	(B)	(C)		(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
				Fixed compensation				Variable compensation (non-equity)						
Name and surname	Post	Period for which post has been held	Term of office expires	Emoluments	Fixed salary	Total	Fees payable for participation in committees	Bonus and other incentives	Interest in earnings	Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/severance
Management with strategic responsibilities					3.565.523	3.565.523		1.577.785		287.059	39.595	5.469.962	1.635.881	470.000
										of which complementary pension scheme				
										253.592				
	(I) Compensation in company preparing the accounts (3)				**3.565.523**	**3.565.523**		**1.577.785**		**287.059**	**39.595**	**5.469.962**	**1.635.881**	**470.000**
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total				**3.565.523**	**3.565.523**		**1.577.785**		**287.059**	**39.595**	**5.469.962**	**1.635.881**	**470.000**
Natale Freddi	Chairman of Statutory Audit Committee	01/07/2017 30/06/2018	30/06/2020	166.959		166.959						166.959		
	(I) Compensation in company preparing the accounts			**166.959**		**166.959**						**166.959**		
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			**166.959**		**166.959**						**166.959**		
Laura Gualtieri	Member of Statutory Audit Committee	01/07/2017 30/06/2018	30/06/2020	128.589		128.589						128.589		
	(I) Compensation in company preparing the accounts			**128.589**		**128.589**						**128.589**		
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			**128.589**		**128.589**						**128.589**		
Francesco Di Carlo	Member of Statutory Audit Committee	28/10/2017 30/06/2018	30/06/2020	94.356		94.356						94.356		
	(I) Compensation in company preparing the accounts			**94.356**		**94.356**						**94.356**		
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			**94.356**		**94.356**						**94.356**		
Gabriele Villa	Member of Statutory Audit Committee	01/07/2017 27/10/2017	30/06/2017	34.233		34.233						34.233		
	(I) Compensation in company preparing the accounts			**34.233**		**34.233**						**34.233**		
	(II) Compensation from subsidiaries/associates at 30/06/2018													
	(III) Total			**34.233**		**34.233**						**34.233**		

1) *Fees are paid directly to the company of origin*
2) *Fees due in respect of position held in Mediobanca SGR*
3) *Other forms of compensation: fixed amount awarded for length of service (XX years) as established by Company Supplementary contract.*

Table 2: Stock options granted to members of the governing bodies, general managers and managerial staff with strategic responsibilities

			Options held at start of financial year			Options awarded during the year						Options exercised during the year			Options expired during the year	Options held at year-end	Options attributable to the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)
Name and surname	Post	Scheme	No. of options	Strike price	Possible exercise period (from-to)	No. of options	Strike price	Possible exercise period (from-to)	Fair value at award date	Award date	Market price of shares underlying award	No. of options	Strike price	Market price of underlying shares at exercise date	No. of options	No. of options	Fair value
Renato Pagliaro	Chairman	27/10/07	150.000	6,537	From 2 August 2013 to 1 August 2018							150.000	6,537	9,822			
Alberto Nagel	CEO	27/10/07	350.000	6,537	From 2 August 2013 to 1 August 2018							350.000	6,537	9,822			
Francesco Saverio Vinci	GM	27/10/07	250.000	6,537	From 2 August 2013 to 1 August 2018							250.000	6,537	9,822			
Managerial staff with strategic responsibilities		27/10/07	25.000	6,537	From 2 August 2013 to 1 August 2018							25.000	6,537	9,822			
(III) Total			**775.000**									**775.000**					

Managerial staff with strategic responsibilities at 30 June 2018

MEDIOBANCA

Table 3A: Incentivization schemes based on financial instruments other than stock options in favour of members of the governing bodies, general managers and managerial staff with strategic responsibilities

			Financial instruments awarded in previous years which have not vested during the course of the year		Financial instruments awarded during the year					Financial instruments vested during the year and not allocated	Financial instruments vested during the year and allocated		Financial instruments attributable to the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and surname	Post	Scheme	No. and type of instrument	Vesting period	No. and type of financial instrument	Fair value at award date	Vesting period	Award date	Market price at award	No. and type	No. and type	Value upon vesting	Fair value
Alberto Nagel	CEO	28-ott-10	73.563 Performance shares	Nov. 2018 – Nov. 2019							49.042	461.976	128.658
		28-ott-15	183.956 Performance shares	Nov. 2018 – Nov. 2021									242.787
		28-ott-15	152.387 Performance shares	Nov. 2019 – Nov. 2022									314.329
		28-ott-15			150.981 Performance shares	1.005.871	Nov. 2020 – Nov. 2023	27-set-18	9.122				265.601
Francesco Saverio Vinci	GM	28-ott-10	61.140 Performance shares	Nov. 2018 – Nov. 2019							40.758	375.789	110.971
		28-ott-15	91.627 Performance shares	Nov. 2018 – Nov. 2021									120.929
		28-ott-15	116.830 Performance shares	Nov. 2019 – Nov. 2022									240.985
		28-ott-15			125.818 Performance shares	838.229	Nov. 2020 – Nov. 2023	27-set-18	9.122				221.335
Managerial staff with strategic responsibilities		28-ott-10	20.646 Performance Shares	Nov. 2018							41.291	388.961	24.638
		28-ott-10	101.883 Performance shares	Nov. 2018 – Nov. 2019							69.955	658.976	191.079
		28-ott-15	323.752 Performance shares	Nov. 2018 – Nov. 2021									432.107
		28-ott-15	256.802 Performance shares	Nov. 2019 – Nov. 2022									534.885
		28-ott-15			254.309 Performance shares	1.697.921	Nov. 2020 – Nov. 2023	27-set-18	9.122				453.172
Total			**1.382.586**		**531.108**	**3.542.021**					**201.046**	**1.885.702**	**3.281.476**

Managerial staff with strategic responsibilities at 30 June 2018

Table 3B: Cash incentivization schemes based on financial instruments other than stock options in favour of members of the governing bodies, general managers and managerial staff with strategic responsibilities

A	B	(1)	(2)			(3)			(4)
			Bonus for the year			Previous years' bonuses			
			(A)	(B)	(C)	(A)	(B)	(C)	
Name and surname	Post	Scheme	Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Still deferred	Other bonuses
Alberto Nagel	CEO	FY 2017/2018	496.800	745.200	Nov. 2019 - Nov. 2023				
		FY 2016/2017						810.000	
		FY 2015/2016					252.000	378.000	
		FY 2014/2015						337.500	
Francesco Saverio Vinci	GM	FY 2017/2018	414.000	621.000	Nov. 2019 - Nov. 2023				
		FY 2016/2017						621.000	
		FY 2015/2016					125.520	188.280	
		FY 2014/2015						280.500	
Management with strategic responsibilities		FY 2017/2018	991.200	1.216.800	Nov. 2019 - Nov. 2023				
		FY 2016/2017						1.331.500	
		FY 2015/2016					446.585	631.377,5	
		FY 2014/2015						344.065	
		FY 2013/2014					140.000		
Total			**1.902.000**	**2.583.000**			**964.105**	**4.922.222,5**	

Managerial staff with strategic responsibilities at 30 June 2018

MEDIOBANCA

Investments held by members of the governing and control bodies and by general managers

Name and surname	Post	Investee company	No. of shares held at end of previous year	No. of shares acquired	No. of shares sold	No. of shares owned at end of present year
PAGLIARO RENATO	Chairman	MEDIOBANCA	2.500.000	150.000 [1]	450.000	**2.200.000**
NAGEL ALBERTO	CEO	MEDIOBANCA	2.626.050	397.992 [1]	299.542	**2.724.500**
VINCI FRANCESCO SAVERIO	GM	MEDIOBANCA	945.000	290.758 [1]	207.258	**1.028.500**
MAURIZIO CARFAGNA	Director	MEDIOBANCA	40.000 [2]	11.000 [3]	==	**51.000** [4]
PECCI ALBERTO	Director	MEDIOBANCA	4.707.500 [5]	==	30.000	**4.677.500** [5]

NB - for directors appointed or whose positions ended in the course of the year, the initial/final holding refer to the dates of appointment or resignation/disposal accordingly.
(1) Shares awarded in execution of stock option/performance shares scheme
(2) of which n. 20.000 shares owned through subsidiaries
(3) of which n. 1.000 shares inherited
(4) of which n. 30.000 shares owned through subsidiaries and n. 1.000 through marriage
(5) Investment owned through subsidiaries

Investments held by other managerial staff with strategic responsibilities

No. of managerial staff with strategic responsibilities	Investee company	No. of shares owned at end of previous year	No. of shares acquired	No. of shares sold	No. of shares owned at end of present year
8*	MEDIOBANCA	167.708**	243.601	229.599	181.710

NB - for directors appointed or whose positions ended in the course of the year, the initial/final holding refer to the dates of appointment or resignation/disposal
* *Managerial staff with strategic responsibilities as at 30.6.2018*
** *Shares awarded in execution of performance share scheme.*

MEDIOBANCA

Aggregate quantitative information by division as required by Bank of Italy instructions

Mediobanca area of activity	Fixed Salary	Variable Remuneration	% Variable maximum	% Variable on fixed salary	Cash Upfront	Equity Upfront	Deferred Cash	Deferred equity
1) Management body Supervisory function - Mediobanca	3.968.616		-	-				
2) Management body Management function (CEO/GM) - Mediobanca	3.500.000	4.554.000	200%	130,1%	910.800	910.800	1.366.200	1.366.200
3) Staff, Support, holding units	97.810.962	20.162.574	200%	20,6%	17.070.855	235.000	594.113	207.500
4) Control functions (Risk Management, Compliance, Audit)	17.968.621	3.406.612	33%	19,0%	3.298.499	37.200	46.113	24.800
5) Investment Banking - business	53.596.849	50.122.226	200%	93,5%	31.194.292	5.116.500	10.335.540	5.531.000
6) Retail e Consumer - business	72.408.156	8.682.214	200%	12,0%	7.230.954	404.800	643.260	403.200
7) Private Banking / Asset Management - business	32.685.007	17.513.539	200%	53,6%	14.324.894	505.000	2.193.645	490.000
	281.938.211	**104.441.165**	**-**	**37,0%**	**74.030.294**	**7.209.300**	**15.178.871**	**8.022.700**

EBA classification
Gross amounts included for Group Directors emoluments payable in respect of their office.
Includes Group companies which ended FY on 31 December 2017. RAM not included.

Aggregate quantitative information by the various categories of "identified staff" as required by the Bank of Italy instructions

	Mediobanca Group - Material Risk Takers	#	Fixed Salary	Variable Remuneration	% Variable maximum	% Variable on fixed salary	Cash Upfront	Equity Upfront	Deferred Cash	Deferred equity
1)	Non-executive directors (non-executive members of BoD, including Chairman)	1	1.800	-	-	-	-	-	-	-
2)	CEO	1	1.800	2.484	200%	138%	496,8	496,8	745,2	745,2
	GM	1	1.500	2.070	200%	138%	414	414	621	621
3)	Senior management and heads of relevant BUs (principle business lines, geographical areas and other senior business figures)	15	9.342,1	9.890	200%	106%	1.978	1.978	2.967	2.967
4)	Heads and senior staff of Internal control units (Compliance, Risk Management, Group Audit)	16	2.470,6	739,5	33%	30%	652,7	37,2	24,8	24,8
5)	Staff with managerial responsibilities in relevant business units	23	6.187,7	7.361	200%	119%	1.823,8	1.823,8	1.856,7	1.856,7
6)	Heads and senior staff in Staff and support units (Head of company finacial reporting, HR, Operations and IT, Legal)	8	1.897,9	663	200%	35%	397	114	76	76
7)	Quantitative criteria	20	6.129,1	7.245	200%	118%	2.072,5	2.072,5	1.550	1.550
		85	**31.127,4**	**30.452,5**	**-**	**98%**	**7.834,80**	**6.936,30**	**7.840,70**	**7.840,70**

Gross amounts in €'000 – Performance variable FY ending 30 June 2018
For Group Directors does not include emoluments payable in respect of their office.
Includes relevant staff employed at Group company which financial year ended 31 December 17. RAM not included.

MEDIOBANCA

Mediobanca Group - Material Risk Takers	#	Deferred from previous years and paid during the year in cash	#	Deferred from previous years and paid during the year in number of MB shares[1]
1) Non-executive directors (non-executive members of BoD, including Chairman)	-	-	-	-
2) CEO - GM	2	377.520	2	89.800
3) Senior management and heads of relevant BUs (principle business lines, geographical areas and other senior business figures)	13	1.582.029	11	370.305
4) Heads and senior staff of Internal control units (Compliance, Risk Management, Group Audit)	2	90.740		
5) Staff with managerial responsibilities in relevant business units	23	1.497.701,7	11	193.183
6) Heads and senior staff in Staff and support units (Head of company finacial reporting, HR, Operations and IT, Legal)	2	45.516	1	5.656
7) Quantitative criteria	16	1.533.178,6	6	138.962
	58	**5.126.685**	**31**	**797.906**

[1] *Number of Mediobanca shares.*

Mediobanca Group - Material Risk Takers	#	Treatment at start of relationship	#	Treatment at end of relationship[1]
1) Non-executive directors (non-executive members of BoD, including Chairman)	-	-	-	-
2) CEO - GM	-	-	-	-
3) Senior management and heads of relevant BUs (principle business lines, geographical areas and other senior business figures)	-	-	3	3.175.562
4) Heads and senior staff of Internal control units (Compliance, Risk Management, Group Audit)	1	121.705	1	470.000
5) Staff with managerial responsibilities in relevant business units	2	655.000	-	-
6) Heads and senior staff in Staff and support units (Head of company finacial reporting, HR, Operations and IT, Legal)	-	-	1	600.000
7) Quantitative criteria	1	230.000	2	923.743
	4	**1.006.705**	**7**	**5.169.305***

[1] *With reference to the identified staff identified as of 30 June 2017.*
** Of which € 1.635.415 by way of incentive, deferred between 40% - 60% over the three/five-year horizon, cash/equity.*
The highest amount paid to an individual person was € 2.185.562 included notice and complementary pension scheme contributions.

Total remuneration awarded over € 1 mln.	#
€ 1 million - 1,5 millions	12
€ 1,5 - 2 millions	1
€ 2 - 2,5 millions	3
€ 2,5 - 3 millions	
€ 3 - 3,5 millions	1
€ 3,5 - 4 millions	1
€ 4,5 - 5 millions	1